

**COPY**

**FILED**

STATE OF INDIANA

JUL 02 2014

INDIANA UTILITY REGULATORY COMMISSION

INDIANA UTILITY  
REGULATORY COMMISSION

PETITION OF THE CITY OF ANDERSON, INDIANA )

(1) FOR AUTHORITY AND APPROVAL TO INCREASE )  
RATES AND CHARGES FOR WATER SERVICE, )  
INCLUDING APPROVAL OF NEW SCHEDULE(S) OF )  
RATES AND CHARGES FOR WATER SERVICE, AND )

44510  
CAUSE NO. \_\_\_\_\_

(2) FOR AUTHORITY AND APPROVAL TO ISSUE )  
BONDS, NOTES, OR OTHER OBLIGATIONS OF )  
INDEBTEDNESS )

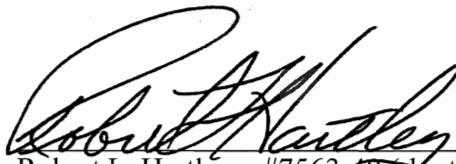
**PREFILED DIRECT TESTIMONY  
AND EXHIBITS**

**OF**

**JOHN R. SKOMP**

**(PETITIONERS EXHIBITS JRS AND JRS-1)**

By:



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Counsel for Petitioner City of Anderson Indiana

Water Utility

**CERTIFICATE OF SERVICE**

Served upon the following by mail and by electronic transmission on July 2, 2014:

Indiana Office of the Utility Consumer Counselor

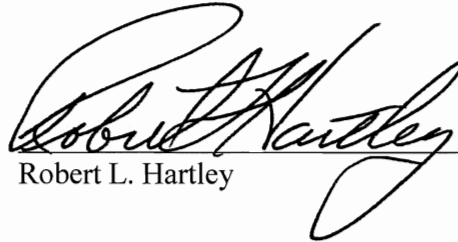
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1   **1.   Q   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2           A   My name is John R. Skomp and my business address is 10 West Market Street, Suite  
3               2000, Indianapolis, Indiana 46204-2975.

4   **2.   Q   BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5           A   I am a Partner with Crowe Horwath LLP ("Crowe"), a certified public accounting and  
6               consulting firm. Crowe's Performance Financial Advisory group and its predecessor,  
7               Municipal Consultants, have been providing rate and financial consulting services to  
8               various types of utility companies for almost fifty years.

9   **3.   Q   PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL**  
10           **QUALIFICATIONS.**

11          A   I received a bachelor's degree in business with a major in accounting and a minor in  
12               economics from Indiana University-Purdue University at Indianapolis. During my  
13               employment, I have attended and made presentations at numerous seminars and  
14               conferences pertaining to accounting, utility and rate issues. Universities, utility  
15               associations, accounting organizations, state regulatory associations, governmental  
16               entities and other organizations sponsored these seminars.

17   **4.   Q   HOW LONG HAVE YOU BEEN EMPLOYED BY CROWE AND IN WHAT**  
18           **CAPACITIES?**

19          A   I have been employed by Crowe since 1992 and my responsibilities within Crowe's  
20               financial advisory practice related to utility companies would include supervising and

1 performing analysis on various rate engagements, fuel cost adjustment filings of  
2 electric utilities, feasibility studies, cost of service studies, cost of capital analysis,  
3 utility financial analysis, utility business valuations, asset valuation projects, and other  
4 projects related to a variety of utility issues.

5 I have worked with banks and financial institutions with regard to both financing  
6 and investing opportunities that were presented to our clients. While at Crowe, the  
7 utility engagements that I have worked on and been responsible for have included  
8 water, sewer, electric, and gas utilities that were established as not-for-profit, for-  
9 profit, governmental, or quasi-governmental entities. I have prefiled and given oral  
10 testimony to the Indiana Utility Regulatory Commission ("Commission") and courts  
11 on a variety of issues over the years including, but not limited to, revenue  
12 requirements calculations, accounting methodology and related areas, utility historical  
13 and pro forma financial information, cost of capital analysis, rate structure and cost of  
14 service issues, issuance of both long and short term debt, utility operating information,  
15 and a variety of other utility related issues.

16 **5. Q PLEASE STATE YOUR EXPERIENCE PRIOR TO JOINING CROWE.**

17 A Prior to joining Crowe, I was employed in various capacities in the Accounting  
18 Division of the Commission beginning as a staff accountant, advancing to the position  
19 of Principal Water and Sewer Accountant and moving into the administrative offices  
20 where I was employed as the Commission's Comptroller. I was then employed by the  
21 Office of Utility Consumer Counselor (OUCC) as the Director of Utility Analysis with  
22 the responsibility for supervising the Accounting, Engineering, and Economics and

1 Finance Divisions. I have prepared and given testimony on behalf of the Commission,  
2 the OUCC, utility companies, and interveners during proceedings before the  
3 Commission. I am a Certified Public Accountant licensed in the State of Indiana and  
4 am a member of the American Water Works Association, the American Institute of  
5 Certified Public Accountants, and the Indiana CPA Society.

6 **6. Q WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CAUSE?**

7 A The purpose of my testimony is to present the revenue requirements of the Anderson  
8 Municipal Water Utility ("Utility" or "Water Utility") based on our analysis of the  
9 Utility's books, records and other information. I will also testify concerning the  
10 Utility's proposed bond issue. The June 11, 2014 Rate and Financing Report  
11 ("Report"), which is prefiled as Petitioner's Exhibit JRS-1, documents the results of  
12 the analysis that was performed under my supervision and direction.

13 **7. Q WERE THE EXHIBITS AND SCHEDULES WHICH ARE INCLUDED IN**  
14 **THE REPORT PREPARED BY YOU OR PREPARED UNDER YOUR**  
15 **DIRECT SUPERVISION?**

16 A Yes.

17 **8. Q WHAT WERE THE SOURCES OF THE DATA USED TO PREPARE THE**  
18 **EXHIBITS AND SCHEDULES OF THE REPORT?**

19 A The data used to prepare the Exhibits and Schedules was acquired from the Utility's  
20 normal business records except for the pro forma amounts that were calculated based  
21 on figures derived from the Utility's business records. I have worked on many

1 projects related to the City of Anderson's ("City") utilities and, in my opinion, the type  
2 of data used in the Exhibits and Schedules of the Report is normally found to be  
3 reliable and is used in the normal course of business for such purposes. I find this  
4 data to be reliable. Also, in my opinion, the Exhibits and Schedules accurately  
5 summarize the results of our analysis using such data.

6 **9. Q PLEASE DESCRIBE SOME OF THE MATERIALS YOU REVIEWED IN**  
7 **ORDER TO PREPARE YOUR TESTIMONY IN THIS CAUSE.**

8 A During my employment with Crowe, I have reviewed numerous documents as part of  
9 engagements related to the City's utilities. Some of the materials I reviewed to  
10 prepare my testimony would include, but not be limited to, the Utility's books and  
11 records, minutes of meetings of the City's Board of Public Works and Common  
12 Council regarding Utility matters, files of Crowe which are kept in the normal course  
13 of business, files of the Utility and our files regarding previous rate cases as well as  
14 other materials which are normally examined during an engagement to analyze utility  
15 rates and charges.

16 **10. Q WHAT INCREASE IN OPERATING REVENUES IS NEEDED FOR THE**  
17 **UTILITY TO MEET ITS PRO FORMA REVENUE REQUIREMENTS?**

18 A The column labeled as Phase II Revenue Requirements on Exhibit H of the Report  
19 shows that the Utility's total revenue requirements after the issuance of the Proposed  
20 Waterworks Revenue Bonds of 2015 ("Proposed Bonds") would be approximately  
21 \$11.83 million. A strict calculation of the overall increase in operating revenues

1 required to fully fund the Utility's listed revenue requirements would show that an  
2 overall increase in revenue of approximately sixty percent (60%) is needed to fund:  
3 Operation and Maintenance Expenses; Taxes Other Than Income Taxes; Lease  
4 Payments, Current and Proposed Debt Service, an annual amount for Working Capital  
5 Funding, and an annual amount for Extension and Replacements (Depreciation  
6 Expense). However, the City's Common Council has approved and the Utility is  
7 requesting a phased-in increase in the Utility's proposed rates and charges.

8 Petitioner's proposal is to implement a 21.18% increase in rates and charges that  
9 would be effective upon issuance of the Commission's Order in this Cause. Then, a  
10 second phase of the increase is proposed to be effective on January 1, 2016 which  
11 would allow for a second across-the-board increase of 21.18%. The compounded  
12 effect of the two (2) 21.18% increases would be that the Utility's customers would  
13 experience an overall 46.85% increase in their monthly bills when comparing the  
14 current rates to the rates being proposed as part of the final phase of the increase.

15 A certified copy of the City's proposed rate ordinance, Ordinance 5-14, is  
16 attached as Petitioner's Exhibit TAB-1 to the Prefiled Testimony of Mr. Thomas A.  
17 Brewer, the Utility's Superintendent. Also, a certified copy of the City's ordinance  
18 authorizing the Proposed Bonds, Ordinance 6-14, is attached as Petitioner's Exhibit  
19 TAB-2 to Mr. Brewer's testimony. Both ordinances received final Common Council  
20 approval on March 13, 2014 after public hearing and comment.

21 While Petitioner understands that the two increases of 21.18% each combine for  
22 an overall increase of 46.85%, this rate plan has been approved by the City's

1 Common Council and the Utility believes that it can manage the payment of all  
2 necessary expenses during the time of these phased-in rates. Also, the Utility will be  
3 able to issue the Proposed Bonds to fund the improvements that are currently needed.  
4 The phased-in rate increases are calculated to result in total Operating Revenues of  
5 approximately \$10.97 million after the final phase of the increase. This projected level  
6 of operating revenue should allow for the payment of all operation and maintenance  
7 expenses, taxes other than income taxes, current and proposed debt service including  
8 lease payments and also the funding of an appropriate amount of working capital  
9 including the repayment of a loan from the Anderson Municipal Sewage Works. The  
10 actual funding of the Utility's revenue capital plan (Extensions and Replacements) will  
11 be less than projected during the first two or three years of the phased-in rates but  
12 should be able to be funded at the pro forma level after that. Petitioner believes this is  
13 reasonable given that a major portion of the Utility's capital plan will be funded by the  
14 Proposed Bonds in the early years of the phased-in rates.

15 **11. Q PLEASE PROVIDE AN EXPLANATION OF EXHIBIT A AND SCHEDULES**  
16 **A-1 AND A-2 OF THE REPORT.**

17 A Exhibit A represents the Balance Sheets of the Utility as of December 31, 2013, 2012  
18 and 2011. As can be seen on Exhibit A, the Utility had severe cash flow problems at  
19 the end of the test year and during the calendar years 2012 and 2011. Exhibit A shows  
20 that, in order to make timely payments of payroll and other operating expenses, the  
21 Utility had to enter into an inter-departmental loan with the Anderson Municipal  
22 Sewage Works for \$300,000. The \$300,000 loan balance as of December 31, 2013



1 was part of a \$700,000 loan approved by the City's Common Council. It is anticipated  
2 that the inter-departmental loan will be repaid as part of the Utility's build-up of its  
3 working capital funds. This is shown on Exhibits B and H. However, it is anticipated  
4 that the loan from the Anderson Municipal Sewage Works will grow to at least \$1  
5 million before rate relief is granted by the Commission and implemented on the  
6 Utility's monthly customer bills. Attached as Petitioner's Exhibit JRS-2 is a certified  
7 copy of City Ordinance 23-14 which was approved by the Common Council on June  
8 12, 2014. This Ordinance approves a loan from the Anderson Municipal Sewage  
9 Works to the Water Utility in an amount up to \$1.2 million to help fund the operations  
10 during the time that rate relief is being sought.

11 Schedule A-1 of the Report is the amortization schedule of the Utility's share of  
12 the 2006 Automatic Meter Reader Lease and Schedule A-2 is the amortization  
13 schedule for the 2007 Waterworks Revenue Bonds. Both of these debt schedules are  
14 also used on Exhibit G of the Report to determine the pro forma annual debt service of  
15 the Utility after the issuance of the Proposed Bonds.

16 **12. Q PLEASE PROVIDE AN EXPLANATION OF EXHIBIT B.**

17 A Exhibit B is an analysis of the Required Fund Balances of the Utility pursuant to the  
18 outstanding and proposed bond ordinances. As can be seen on Exhibit B, the Utility's  
19 Operating Fund is calculated to have a deficit of over \$2.2 million by the time rate  
20 relief is forthcoming in this Cause. The balances in the other Water Utility funds are  
21 sufficient to meet the requirements of the bond ordinances. As shown on Exhibit H,  
22 the calculated deficit in the Operating Fund is being amortized over a two year period

1 in order to allow for repayment of the loan from the Anderson Municipal Sewage  
2 Works and also to allow for the build-up of the appropriate on-going balance.

3 **13. Q PLEASE EXPLAIN EXHIBIT C OF THE REPORT.**

4 A Exhibit C is the Utility's Statements of Income for the twelve months ended  
5 December 31, 2013, 2012 and 2011. The twelve months ended December 31, 2013  
6 has been used as the test year in this Cause and, after reviewing the Utility's books and  
7 records and other documentation, I believe this test year fairly represents the Utility's  
8 normal operations. In my opinion, with the appropriate adjustments as shown on  
9 Exhibit D and Schedule D-1, the test year used in this Cause reasonably reflects  
10 current operations and is sufficiently reliable for ratemaking purposes.

11 **14. Q PLEASE EXPLAIN EXHIBIT D OF THE REPORT.**

12 A Exhibit D, the Adjusted Statement of Income, makes adjustments to the test year  
13 income statement and summarizes the information detailed on Schedule D-1. Exhibit  
14 D demonstrates that, without the rate relief requested in this Cause, the Utility would  
15 generate net operating loss of approximately \$1 million in a pro forma twelve-month  
16 period. As shown on Exhibit H, this is much less than is needed for the Utility to pay  
17 its annual debt service and lease obligations and make the necessary improvements to  
18 its plant and equipment.

1   **15.   Q   ARE ADJUSTMENTS (1), AND (6) ON EXHIBIT D AND SCHEDULE D-1**  
2                   **RELATED TO THE UTILITY'S PAYROLL EXPENSES?**

3           A   Yes. Both adjustments use the test year level of salaries and wages and Adjustment  
4           (1) is made to adjust test year expenses for the change in the Utility's contributions to  
5           the Public Employees Retirement Fund (PERF). A related adjustment, Adjustment  
6           (6), allows for the change in the Utility's annual expense for the Federal Insurance  
7           Contribution Act (FICA).

8   **16.   Q   PLEASE EXPLAIN ADJUSTMENT (2).**

9           A   Adjustment (2) is to allow for the annual sewage treatment expense for treating the  
10          wastewater that is discharged from the Water Utility's two treatment plants. As part of  
11          its review of operations, it was discovered that the Utility had not been receiving  
12          monthly sewage treatment bills in the past. This problem has been fixed and the  
13          Utility is now paying its share of the sewage treatment expenses. Since no bills had  
14          been paid during the test year, a pro forma adjustment was required.

15   **17.   Q   PLEASE EXPLAIN ADJUSTMENT (3).**

16          A   Adjustment (3) removes expenses from the test year that were non-recurring in nature.

17   **18.   Q   DO ADJUSTMENTS (4) AND (5) AFFECT ANNUAL DEPRECIATION AND**  
18                   **AMORTIZATION EXPENSES?**

19          A   Yes. Adjustment (4) adjusts for an increase in depreciation expense as a result of  
20          applying a two percent (2%) annual depreciation rate to the Utility's December 31,  
21          2013 balance in utility plant in service and construction work in progress with the

1 exception of transportation equipment and land. Transportation equipment is  
2 depreciated using a ten percent (10%) rate and the cost of land is not depreciated.  
3 Adjustment (5) is used to adjust the pro forma annual Amortization Expense to zero.  
4 Amortization Expense is not used in the calculation of the Utility's annual revenue  
5 requirements.

6 **19. Q DO ADJUSTMENTS (7) AND (8) AFFECT THE PRO FORMA AMOUNT OF**  
7 **TAXES OTHER THAN INCOME TAXES?**

8 A Yes. Adjustment (7) adjusts the Utility's amount of utility receipts tax and  
9 Adjustment (8) makes an adjustment to allow for the appropriate level of Contribution  
10 in Lieu of Property Taxes.

11 **20. Q PLEASE EXPLAIN EXHIBITS E, F AND G.**

12 A Exhibit G shows the Estimated Combined Lease and Debt Amortization Schedule  
13 which includes the Utility's current and proposed revenue bonds as well as current  
14 lease obligations. As mentioned earlier, the Utility has one bond issue outstanding; the  
15 2007 Bonds. The Utility is also proposing and seeking Commission approval to issue  
16 the Waterworks Revenue Bonds of 2015 in order to make improvements and  
17 extensions to the Utility's system. As shown on Exhibit E, these projects would  
18 include improvements to the Lafayette Well Field and Treatment Plant, the Wheeler  
19 Bypass Piping and Partial Demolition, the Water Distribution System Replacement in  
20 the Homewood area and additional Hydrogeological, Hydraulic and Engineering  
21 Studies. The testimony of Mr. Robert E. Curry, which is prefiled as Petitioner's

1 Exhibit REC, will cover the need for and use of the Project Funds shown on Exhibit E.  
2 Schedule F then provides an Estimated Amortization Schedule for the Proposed Bonds  
3 and provides the detail of the interest rates that are being estimated at this time.

4 **21. Q WHAT IS THE UTILITY'S TOTAL PROPOSED REVENUE**  
5 **REQUIREMENT?**

6 A The Utility's total pro forma revenue requirement total will be approximately \$11.83  
7 million, as shown on Exhibit H. After deducting the operating revenues, the Utility  
8 has a revenue shortfall of over \$4.3 million (\$11.83 million minus current operating  
9 revenues of \$7.52 million) before consideration of the utility receipts tax. When the  
10 utility receipts tax is considered, the revenue shortfall is closer to \$4.4 million. As was  
11 discussed earlier, the revenue requirement necessitates an approximate 60% overall  
12 increase in operating revenues in order for the Utility to fully fund its revenue  
13 requirements. However, as noted on Exhibit H, the plan approved by the City's  
14 Common Council and being proposed by the Utility calls for a two-step phase-in of  
15 the proposed rates. Each step would include an across-the-board increase of 21.18%  
16 with the first phase being implemented upon issuance of the Commission Order in this  
17 Cause. The second phase is proposed to take effect on January 1, 2016.

1    **22.   Q   AS WAS METNIONED IN YOUR LAST RESPONSE, THE UTILITY IS**  
2           **PROPOSING THAT THE INCREASES BE APPLIED IN AN ACROSS-THE-**  
3           **BOARD MANNER IN THIS CAUSE. PLEASE EXPLAIN WHY A COST OF**  
4           **SERVICE STUDY WAS NOT COMPLETED AS PART OF THE UTILITY'S**  
5           **RATE ANALYSIS.**

6           A   The management of the City and the Utility understand that an overall rate increase of  
7               over forty-six percent (46%) is significant to the Utility's customers. As part of the  
8               Utility's last rate increase before the Commission (Cause No. 42914; Commission  
9               Order dated December 20, 2006), a full cost of service study was completed that was  
10              agreed to by the OUCC and approved by the Commission. After discussing the  
11              current rate design and the fact that significant customer growth has not occurred since  
12              the last rate increase, it was decided that a new cost of service study was not cost  
13              justified at this point in time; especially given the Utility's current cash flow  
14              considerations.

15               Also, I believe the significant nature of the rate increase makes it difficult to  
16               further realign rates if it is discovered that subsidies between customer classes did  
17               exist. If a subsidy did exist, some customer classes would need to experience  
18               increases higher than the proposed 46.85% in order for other classes to experience a  
19               lessor increase. Given the fact that the City, the Utility's management and the City  
20               Council were already concerned about the impact on the customers' monthly bills, a  
21               cost of service study would have only made those problems worse at this time. The  
22               Utility is committed to providing service to its customers under rates which are cost

1 based, fair and equitable. I believe the across-the-board increases being proposed in  
2 this Cause will accomplish that goal and that the rate structure approved in the  
3 Utility's last rate filing, Cause No. 42914, remains valid at this time.

4 **23. Q PLEASE EXPLAIN EXHIBIT I.**

5 A Exhibit I is a schedule which shows the current and proposed rates and charges of the  
6 Utility. These are the rates and charges that would become part of the Utility's tariffs  
7 if approved by the Commission in this Cause.

8 **24. Q DOES THIS CONCLUDE YOUR PREFILED DIRECT TESTIMONY?**

9 A Yes.





**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

**RATE AND FINANCING REPORT**

June 11, 2014





**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

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**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

**PURPOSE OF THE REPORT**

Crowe Horwath LLP ("Crowe") has performed a study and analysis of the operating and financial reports, budgets and other data pertaining to the City of Anderson Municipal Water Utility ("Utility"). The results of our analysis are contained in this Rate and Financing Report ("Report").

The purpose of this Report is to estimate the Utility's cash flow and financial capacity to meet its on-going revenue requirements for operation and maintenance expenses, current and proposed debt service payments and to make capital improvements to the Utility's system. This Report is based on data for the twelve months ended December 31, 2013 ("Test Year"). The historical information used in this Report was taken from the books and records of the Utility, adjusted as disclosed in the Exhibits and Schedules of this Report.

In the course of preparing this Report, Crowe has not conducted an audit of any financial or supplemental data used in the accompanying Exhibits and Schedules. Crowe has made certain projections that may vary from actual results because events and circumstances frequently do not occur as estimated and such variances may be material. Crowe has no responsibility to update this Report for events and circumstances occurring after the date of this Report.

If you have any questions regarding this Report, please call John Skomp at (317) 269-6699.

## EXHIBIT A

**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

Balance Sheets as of December 31, 2013, 2012, and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS AND OTHER DEBITS</b>			
<u>Utility Plant</u>			
Utility Plant in Service	\$ 48,085,230	\$ 47,806,342	\$ 47,745,823
Less: Accumulated Depreciation	(24,767,486)	(23,907,238)	(23,169,104)
Net Utility Plant in Service	23,317,744	23,899,104	24,576,719
Add: Construction Work in Progress	243,459	43,705	46,238
Net Utility Plant	<u>23,561,203</u>	<u>23,942,809</u>	<u>24,622,957</u>
<u>Restricted Assets</u>			
Customer Deposit Fund	386,568	225,064	149,800
Bond and Interest Fund	-	-	-
Contribution in Lieu of Taxes Fund	215,565	323,345	323,342
Depreciation Reserve Fund	49,806	173,039	-
SRF Retainage Fund	-	-	151,150
Mail Permit Deposits	3,000	3,000	3,000
Automatic Meter Reading Fund	-	-	216,547
Construction Fund	638,532	1,068,231	1,078,840
Total Restricted Assets	<u>1,293,471</u>	<u>1,792,679</u>	<u>1,922,679</u>
<u>Current and Accrued Assets</u>			
Operating Fund	230,928	227,752	663,635
Accounts Receivable	630,038	656,611	663,382
Accounts Receivable from Associated Company	54,902	275	-
Materials and Supplies Inventory	278,581	317,297	267,226
Total Current and Accrued Assets	<u>1,194,449</u>	<u>1,201,935</u>	<u>1,594,243</u>
<u>Deferred Debits</u>			
Unrecovered Study Costs	64,889	9,250	-
Unamortized Debt Discount and Expense	97,427	98,590	105,635
Total Deferred Debits	<u>162,316</u>	<u>107,840</u>	<u>105,635</u>
Total Assets and Other Debits	<u>\$ 26,211,439</u>	<u>\$ 27,045,263</u>	<u>\$ 28,245,514</u>

EXHIBIT A  
(Continued)**ANDERSON MUNICIPAL WATER UTILITY**

Anderson, Indiana

Balance Sheets as of December 31, 2013, 2012, and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>LIABILITIES AND OTHER CREDITS</b>			
<u>Equity Capital</u>			
Retained Earnings	\$ 8,668,227	\$ 8,839,931	\$ 8,496,242
Current Year Earnings	(281,307)	(104,135)	280,683
Proprietary Account	464,384	464,384	464,384
Donated Surplus	896,501	896,501	896,501
Total Equity Capital	<u>9,747,805</u>	<u>10,096,681</u>	<u>10,137,810</u>
<u>Long Term Debt</u>			
2007 Revenue Bond Issue	3,930,000	4,150,000	4,360,000
Capital Lease Payable-Long Term (1)	8,480,079	9,357,950	10,200,624
Capital Lease Payable - Timekeeping Kronos	10,799	-	-
Total Long Term Debt	<u>12,420,878</u>	<u>13,507,950</u>	<u>14,560,624</u>
<u>Current and Accrued Liabilities</u>			
Accounts Payable	63,545	28,218	17,541
Customer Meter Deposits	386,510	225,064	149,784
Accrued Expenses	39,404	38,928	38,824
Capital Lease Payable Current (1)	883,271	842,674	808,887
SRF Retainage Payable	-	-	151,085
Temporary Loan Payable-Associated	300,000	-	-
Payroll Payable	157,869	93,591	168,802
Total Current and Accrued Liabilities	<u>1,830,599</u>	<u>1,228,475</u>	<u>1,334,923</u>
Contributions in Aid of Construction	<u>2,212,157</u>	<u>2,212,157</u>	<u>2,212,157</u>
Total Liabilities and Other Credits	<u>\$ 26,211,439</u>	<u>\$ 27,045,263</u>	<u>\$ 28,245,514</u>

- (1) Represents the Utility's and Anderson Municipal Sewage Works' portion of the Automatic Meter Reader (AMR) 2006 Lease.

## SCHEDULE A-1

**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

Automatic Meter Reader (AMR) 2006 Lease  
Lease Schedule

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Lease Payment</u>	<u>Water Utility Percentage</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/14	\$ 541,770	\$ 241,225	\$ 782,995	44.11 %	\$ 345,379	
1/1/15	552,969	230,026	782,995	44.11	345,379	\$ 690,758
7/1/15	564,399	218,595	782,994	44.11	345,379	
1/1/16	576,066	206,929	782,995	44.11	345,379	690,758
7/1/16	587,974	195,021	782,995	44.11	345,379	
1/1/17	600,128	182,867	782,995	44.11	345,379	690,758
7/1/17	612,533	170,462	782,995	44.11	345,379	
1/1/18	625,195	157,800	782,995	44.11	345,379	690,758
7/1/18	638,118	144,877	782,995	44.11	345,379	
1/1/19	651,309	131,686	782,995	44.11	345,379	690,758
7/1/19	664,772	118,223	782,995	44.11	345,379	
1/1/20	678,513	104,481	782,994	44.11	345,379	690,758
7/1/20	692,539	90,456	782,995	44.11	345,379	
1/1/21	706,854	76,140	782,994	44.11	345,379	690,758
7/1/21	721,466	61,529	782,995	44.11	345,379	
1/1/22	736,379	46,616	782,995	44.11	345,379	690,758
7/1/22	751,601	31,394	782,995	44.11	345,379	
1/1/23	767,137	15,857	782,994	44.11	345,379	690,758
<b>Totals</b>	<b>\$ 11,669,722</b>	<b>\$2,424,184</b>	<b>\$ 14,093,906</b>		<b>\$6,216,822</b>	





## SCHEDULE A-2

**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

Waterworks Revenue Bonds, Series 2007  
Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/14			\$ 83,876	\$ 83,876	
1/1/15	\$ 230,000	4.25 %	83,876	313,876	\$ 397,752
7/1/15			78,989	78,989	
1/1/16	240,000	4.25	78,989	318,989	397,978
7/1/16			73,889	73,889	
1/1/17	250,000	4.25	73,889	323,889	397,778
7/1/17			68,576	68,576	
1/1/18	260,000	4.25	68,576	328,576	397,152
7/1/18			63,051	63,051	
1/1/19	275,000	4.25	63,051	338,051	401,102
7/1/19			57,208	57,208	
1/1/20	285,000	4.25	57,208	342,208	399,416
7/1/20			51,151	51,151	
1/1/21	300,000	4.25	51,151	351,151	402,302
7/1/21			44,776	44,776	
1/1/22	310,000	4.25	44,776	354,776	399,552
7/1/22			38,189	38,189	
1/1/23	325,000	4.25	38,189	363,189	401,378
7/1/23			31,283	31,283	
1/1/24	340,000	4.30	31,283	371,283	402,566
7/1/24			23,973	23,973	
1/1/25	355,000	4.30	23,973	378,973	402,946
7/1/25			16,340	16,340	
1/1/26	370,000	4.30	16,340	386,340	402,680
7/1/26			8,385	8,385	
1/1/27	390,000	4.30	8,385	398,385	406,770
Totals	<u>\$ 3,930,000</u>		<u>\$ 1,279,372</u>	<u>\$ 5,209,372</u>	



## EXHIBIT B

**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

Statement of Fund Balances as of December 31, 2013  
and Calculation of Required Fund Balances

Operating Fund	\$ 230,928
Customer Deposit Fund	386,568
Bond and Interest Fund	-
Contribution in Lieu of Taxes Fund	215,565
Depreciation Reserve Fund	49,806
Mail Permit Deposits	3,000
Automatic Meter Reading Fund	-
Construction Fund	<u>638,532</u>
Total Cash and Investments	<u><u>\$ 1,524,399</u></u>

**Operating Fund**

<u>Calculation of Required Operating Fund Balance</u>	
Adjusted Operation and Maintenance Expenses (Exhibit D)	\$ 6,685,525
Adjusted Taxes Other Than Income Taxes (Exhibit D)	<u>800,128</u>
Subtotal	7,485,653
Divide by: Twelve Months	<u>12</u>
Monthly Operation and Maintenance Expenses and Taxes Other Than Income Taxes	623,804
Times: Two Months	<u>2</u>
Minimum Required Balance	<u><u>\$ 1,247,608</u></u>
Add: Anticipated Balance of Loan for Operating Deficit as of December 2014	<u>1,000,000</u>
Deficit to be Funded	<u><u>\$ 2,247,608</u></u>

EXHIBIT B  
(Continued)**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

Statement of Fund Balances as of December 31, 2013  
and Calculation of Required Fund Balances

**Bond and Interest Funds**

Since the Utility made the required January 1 debt service payment in December, the Bond and Interest Account balance is zero.

**Debt Service Reserve Funds****Calculation of Required Debt Service Reserve**

The 2007 Bonds currently have a surety policy with Ambac Assurance Corporation.

## EXHIBIT C

**ANDERSON MUNICIPAL WATER UTILITY**

Anderson, Indiana

Statements of Income for the Twelve Months Ended  
December 31, 2013, 2012, and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Operating Revenue</u>			
Metered Residential Sales	\$ 4,376,933	\$ 4,499,702	\$ 4,526,625
Metered Commercial Sales	1,839,252	1,874,234	1,853,431
Metered Industrial Sales	954,275	931,203	798,107
Metered Institutional Sales	33,669	34,000	41,874
Flat Rate Sales	151,955	151,984	147,234
Forfeited Discounts	46,625	48,971	50,898
Miscellaneous Revenue	119,393	104,310	59,666
Total Operating Revenue	<u>7,522,102</u>	<u>7,644,404</u>	<u>7,477,835</u>
<u>Operating Expenses</u>			
<u>Operation and Maintenance Expenses</u>			
Source of Supply Expense			
Purchased Power	665,857	739,113	643,234
Material and Supplies	43,182	124,006	195,147
Contractual Services	130,457	55,129	60,785
Water Treatment Expense			
Salaries and Wages	610,112	554,131	611,675
Chemicals	74,105	59,145	104,424
Contractual Services - American Water	-	55,293	121,691
Other Water Treatment Expense	82,112	413,454	139,776
Transmission and Distribution Expense			
Salaries and Wages	885,668	806,668	903,295
Material and Supplies	407,897	259,889	311,096
Contractual Service	214,417	92,805	109,369
Transportation Expense	126,962	162,151	156,276
Customer Accounts Expense			
Salaries and Wages	31,892	26,885	26,714
Bad Debt Expense	109,335	8,488	67,671
Contractual Service	67,240	61,697	74,617
Administrative and General Expense			
Salaries and Wages	855,440	889,395	927,009
Employee Pensions and Benefits	254,683	262,902	236,836
Material and Supplies	303,699	278,240	306,445
Contractual Service	135,275	98,916	81,284
Rental	67,000	67,000	65,125
General Liability Insurance	299,145	322,425	217,122
Other Insurance	1,079,162	956,909	840,123
Miscellaneous Expenses	35,786	3,992	7,652
Total Operation and Maintenance Expenses	<u>6,479,426</u>	<u>6,298,633</u>	<u>6,207,366</u>

EXHIBIT C  
(Continued)**ANDERSON MUNICIPAL WATER UTILITY**

Anderson, Indiana

Statements of Income for the Twelve Months Ended  
December 31, 2013, 2012, and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Depreciation Expense	<u>\$ 820,242</u>	<u>\$ 813,780</u>	<u>\$ 623,862</u>
Amortization Expense	<u>7,044</u>	<u>7,044</u>	<u>(73,355)</u>
<u>Taxes Other Than Income Taxes</u>			
Contribution in Lieu of Taxes	215,554	215,554	215,554
FICA Taxes	179,528	174,529	190,484
Unemployment Taxes	2,119	16,053	8,508
Utility Receipts Tax	100,708	106,645	127,815
Total Taxes Other Than Income Taxes	<u>497,909</u>	<u>512,781</u>	<u>542,361</u>
Total Operating Expenses	<u>7,804,621</u>	<u>7,632,238</u>	<u>7,300,234</u>
Net Operating Income	<u>(282,519)</u>	<u>12,166</u>	<u>177,601</u>
<u>Other Income</u>			
Rental Income	16,620	14,280	16,660
Automatic Meter Reader Lease Income (1)	565,095	565,095	565,095
Servicing Customer Installations	18,856	22,320	8,034
Jobbing and Contracting Revenue	(10,402)	2,724	(8,137)
Interest Income	613	1,414	583
Sale of Scrap	626	-	160
Total Other Income	<u>591,408</u>	<u>605,833</u>	<u>582,395</u>
<u>Other Expenses</u>			
Extraordinary Losses (2)	-	89,225	-
Interest on Long Term Debt	590,196	632,909	479,313
Total Other Expenses	<u>590,196</u>	<u>722,134</u>	<u>479,313</u>
Net Income	<u>\$ (281,307)</u>	<u>\$ (104,135)</u>	<u>\$ 280,683</u>

(1) Represents Sewage Works portion of the Automatic Meter Reader (AMR) Lease payment.

(2) Represents Uncollectible Accounts from 2009, 2010 and 2011 written off as Bad Debt.

## EXHIBIT D

**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

Adjusted Statement of Income

	December 31, <u>2013</u>	<u>Adjustments</u>		<u>Adjusted</u>
		<u>Amount</u>	<u>Ref.</u>	
<u>Operating Revenue</u>				
Metered Residential Sales	\$4,376,933			\$ 4,376,933
Metered Commercial Sales	1,839,252			1,839,252
Metered Industrial Sales	954,275			954,275
Metered Institutional Sales	33,669			33,669
Flat Rate Sales	151,955			151,955
Forfeited Discounts	46,625			46,625
Miscellaneous Revenue	119,393			119,393
Total Operating Revenue	<u>7,522,102</u>			<u>7,522,102</u>
<u>Operating Expenses</u>				
Operation and Maintenance Expenses	6,479,426	\$ 12,226	(1)	6,685,525
		224,748	(2)	
		(30,875)	(3)	
Depreciation Expense	820,242	202,206	(4)	1,022,448
Amortization Expense	7,044	(7,044)	(5)	-
Taxes Other Than Income Taxes	497,909	2,780	(6)	800,128
		4,587	(7)	
		<u>294,852</u>	(8)	
Total Operating Expenses	<u>7,804,621</u>	<u>703,480</u>		<u>8,508,101</u>
Net Operating Income	<u>\$ (282,519)</u>	<u>\$ (703,480)</u>		<u>\$ (985,999)</u>





## SCHEDULE D-1

**ANDERSON MUNICIPAL WATER UTILITY**

Anderson, Indiana

## Detail of Adjustments

(1)

To adjust "Operation and Maintenance Expenses" for the calculated annual PERF expense at the current PERF contribution rate.

Test Year Salaries and Wages	\$2,383,112
Times: PERF Contribution Rate	11.20%
Pro Forma PERF Expense	266,909
Less: Test Year	(254,683)
Adjustment - Increase	<u>\$ 12,226</u>

(2)

To adjust "Operation and Maintenance Expenses" to account for unbilled Sewage charges during the Test Year.

Wheeler Plant Monthly Charges	\$ 11,479
Lafayette Plant Monthly Charges	7,250
Total Monthly Charges	18,729
Times: 12 months	12
Adjustment - Increase	<u>\$ 224,748</u>

(3)

To adjust "Operation and Maintenance Expenses" for non-recurring expenses.

<u>Vendor</u>	<u>Description</u>	<u>Amount</u>
Crowe Horwath LLP	Professional Services	\$ (9,575)
Frost Brown Todd	Professional Services	(3,300)
Information Systems	GIS Conversion	(18,000)
Adjustment - Decrease		<u>\$ (30,875)</u>

SCHEDULE D-1  
(Continued)

**ANDERSON MUNICIPAL WATER UTILITY**

Anderson, Indiana

Detail of Adjustments

(4)

To adjust "Depreciation Expense" for the annual calculated amount.

Utility Plant in Service as of December 31, 2013	\$ 48,085,230	
Add: Construction Work in Progress	243,459	
Less: Transportation Equipment as of December 31, 2013	(823,518)	
Less: Land and Land Rights as of December 31, 2013	(500,390)	
Depreciable Utility Plant in Service at 2% Rate	47,004,781	
Times: Depreciation Rate	2.0%	
Pro Forma Depreciation Expense at 2% Rate		\$ 940,096
Transportation Equipment	823,518	
Times: Depreciation Rate	10.0%	
Pro Forma Depreciation Expense at 10% Rate		82,352
Total Pro Forma Depreciation Expense		1,022,448
Less: Test Year		(820,242)
Adjustment - Increase		<u>\$ 202,206</u>

(5)

To adjust "Amortization Expense" to a zero balance for the Test Year.

Adjustment - Decrease	<u>\$ (7,044)</u>
-----------------------	-------------------

(6)

To adjust "Taxes Other Than Income Taxes" for the change in FICA expense.

Test Year Salaries and Wages	\$ 2,383,112	
Times: FICA Rate	7.65%	
Pro Forma FICA Expense	182,308	
Less: Test Year	(179,528)	
Adjustment - Increase		<u>\$ 2,780</u>

SCHEDULE D-1  
(Continued)

**ANDERSON MUNICIPAL WATER UTILITY**

Anderson, Indiana

Detail of Adjustments

(7)

To adjust "Taxes Other Than Income Taxes" to annualize the utility receipts tax at the adjusted level of operating revenue.

Adjusted Operating Revenue	\$ 7,522,102
Less: Exemption	<u>(1,000)</u>
Taxable Revenues	7,521,102
Times: Utility Receipts Tax Rate	<u>1.40%</u>
Adjusted Utility Receipts Tax	105,295
Less: Test Year	<u>(100,708)</u>
Adjustment - Increase	<u><u>\$ 4,587</u></u>

(8)

To adjust "Taxes Other Than Income Taxes" for the pro forma contribution in lieu of property taxes.

Net Utility Plant in Service as of December 31, 2013	\$23,317,744
Add: Construction Work in Progress	<u>243,459</u>
Net Utility Plant	23,561,203
Times: Certified Corporate Tax Rate (per \$100 Assessed Valuation)	<u>2.1663</u>
Pro Forma Contribution in Lieu of Property Taxes	510,406
Less: Test Year	<u>(215,554)</u>
Adjustment - Increase	<u><u>\$ 294,852</u></u>



**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

Proposed Waterworks Revenue Bonds of 2015  
Estimated Sources and Uses of Funds

Sources of Funds:

Par Amount of Bonds	\$ 14,270,000
Total Sources of Funds	<u>\$ 14,270,000</u>

Uses of Funds:

Lafayette Well Field and Treatment Plant Improvements (1)	\$ 9,843,500
Wheeler Bypass Piping and Partial Demolition (1)	594,000
Water Distribution System Replacement - Homewood (1)	1,544,622
Hydrogeological, Hydraulic and Engineering Studies (1)	810,000
Debt Service Reserve Fund	1,110,648
Indiana Utility Regulatory Commission Fee	35,675
Underwriter's Discount (1%)	142,700
Other Cost of Issuance	188,000
Rounding	<u>855</u>
Total Uses of Funds	<u>\$ 14,270,000</u>

(1) Estimates provided by Curry & Associates, Inc.



**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

EXHIBIT JRS-1  
EXHIBIT F

Proposed Waterworks Revenue Bonds of 2015  
Estimated Amortization Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon (1)</u>	<u>Interest</u>	<u>Period Total</u>	<u>Fiscal Total</u>
7/1/15			\$ 200,600	\$ 200,600	
1/1/16			300,900	300,900	\$ 501,500
7/1/16			300,900	300,900	
1/1/17	\$ 505,000	1.60 %	300,900	805,900	1,106,800
7/1/17			296,860	296,860	
1/1/18	515,000	2.00	296,860	811,860	1,108,720
7/1/18			291,710	291,710	
1/1/19	525,000	2.35	291,710	816,710	1,108,420
7/1/19			285,541	285,541	
1/1/20	535,000	2.75	285,541	820,541	1,106,082
7/1/20			278,185	278,185	
1/1/21	550,000	3.20	278,185	828,185	1,106,370
7/1/21			269,385	269,385	
1/1/22	570,000	3.50	269,385	839,385	1,108,770
7/1/22			259,410	259,410	
1/1/23	590,000	3.80	259,410	849,410	1,108,820
7/1/23			248,200	248,200	
1/1/24	610,000	4.00	248,200	858,200	1,106,400
7/1/24			236,000	236,000	
1/1/25	635,000	4.15	236,000	871,000	1,107,000
7/1/25			222,824	222,824	
1/1/26	665,000	4.30	222,824	887,824	1,110,648
7/1/26			208,526	208,526	
1/1/27	690,000	4.40	208,526	898,526	1,107,052
7/1/27			193,346	193,346	
1/1/28	720,000	4.55	193,346	913,346	1,106,692
7/1/28			176,966	176,966	
1/1/29	755,000	4.65	176,966	931,966	1,108,932
7/1/29			159,413	159,413	
1/1/30	790,000	4.75	159,413	949,413	1,108,826
7/1/30			140,650	140,650	
1/1/31	825,000	4.80	140,650	965,650	1,106,300
7/1/31			120,850	120,850	
1/1/32	865,000	4.90	120,850	985,850	1,106,700
7/1/32			99,658	99,658	
1/1/33	910,000	5.00	99,658	1,009,658	1,109,316
7/1/33			76,908	76,908	
1/1/34	955,000	5.05	76,908	1,031,908	1,108,816
7/1/34			52,794	52,794	
1/1/35	1,005,000	5.10	52,794	1,057,794	1,110,588
7/1/35			27,166	27,166	
1/1/36	<u>1,055,000</u>	5.15	<u>27,166</u>	<u>1,082,166</u>	1,109,332
Totals	<u>\$ 14,270,000</u>		<u>\$ 8,392,084</u>	<u>\$ 22,662,084</u>	

(1) Estimated interest rates based upon April 7, 2014, Municipal Market Data Data-Line using "A" rates plus 100 basis points. Interest rates subject to change.

EXHIBIT JRS-1





## EXHIBIT G

**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

Estimated Combined Lease and Debt Amortization Schedule

Year	Currently Outstanding			Proposed	Total
	2006 Lease	2007 Bonds	Total	2015 Bonds	
2014	\$ 690,758	\$ 397,752	\$ 1,088,510		\$ 1,088,510
2015	690,758	397,978	1,088,736	\$ 501,500	1,590,236
2016	690,758	397,778	1,088,536	1,106,800	2,195,336
2017	690,758	397,152	1,087,910	1,108,720	2,196,630
2018	690,758	401,102	1,091,860	1,108,420	2,200,280
2019	690,758	399,416	1,090,174	1,106,082	2,196,256
2020	690,758	402,302	1,093,060	1,106,370	2,199,430
2021	690,758	399,552	1,090,310	1,108,770	2,199,080
2022	690,758	401,378	1,092,136	1,108,820	2,200,956
2023		402,566	402,566	1,106,400	1,508,966
2024		402,946	402,946	1,107,000	1,509,946
2025		402,680	402,680	1,110,648	1,513,328
2026		406,770	406,770	1,107,052	1,513,822
2027				1,106,692	1,106,692
2028				1,108,932	1,108,932
2029				1,108,826	1,108,826
2030				1,106,300	1,106,300
2031				1,106,700	1,106,700
2032				1,109,316	1,109,316
2033				1,108,816	1,108,816
2034				1,110,588	1,110,588
2035				1,109,332	1,109,332
Totals	<u>\$ 6,216,822</u>	<u>\$ 5,209,372</u>	<u>\$ 11,426,194</u>	<u>\$ 22,662,084</u>	<u>\$ 34,088,278</u>



## EXHIBIT H

**ANDERSON MUNICIPAL WATER UTILITY**

Anderson, Indiana

## Statement of Revenue Requirements

	Phase I Revenue Requirements (1)	Phase II Revenue Requirements (2)
Adjusted Operation and Maintenance Expenses (Exhibit D)	\$ 6,685,525	\$ 6,685,525
Adjusted Taxes Other Than Income Taxes (Exhibit D)	800,128	800,128
Estimated Annual Debt Service for Calendar Year 2015 (Exhibit G)	1,590,236	
Estimated Average Annual Debt Service (2016-2018)		2,197,415
Annual Working Capital Funding (A)	1,123,804	1,123,804
Estimated Annual Extensions and Replacements (Depreciation Expense) (Exhibit D)	<u>1,022,448</u>	<u>1,022,448</u>
Total Revenue Requirements	<u>11,222,141</u>	<u>11,829,320</u>
Less: Adjusted Operating Revenues (Exhibit D)	<u>(7,522,102)</u>	<u>(9,080,121) (3)</u>
Deficit	3,700,039	2,749,199
Divide by: Revenue Conversion Factor	<u>0.986</u>	<u>0.986</u>
Revenue Increase Required	<u>3,752,575</u>	<u>2,788,234</u>
Divide by: Adjustable Operating Revenues	<u>7,356,084</u>	<u>8,914,103 (3)</u>
Percentage Rate Increase Required	<u>51.01%</u>	<u>31.28%</u>
Percent Increase Approved by Council	<u>21.18%</u>	<u>21.18%</u>
(A) <u>Annual Working Capital Funding</u>		
Deficit in Operating Fund Balance (Exhibit B)	\$ 2,247,608	\$ 2,247,608
Divide by: Years to Replenish Fund	<u>2</u>	<u>2</u>
Annual Working Capital Funding	<u>\$ 1,123,804</u>	<u>\$ 1,123,804</u>

(1) Effective upon approval of Indiana Utility Regulatory Commission.

(2) Effective January 1, 2016.

(3) Adjusted for Phase I rate increase of 21.18%.



**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

Schedule of Present and Proposed Rates and Charges

		Present Rates (1)	Phase I Proposed Rates (2)	Phase II Proposed Rates (3)
<u>Metered Rates Per Month (per 100 cubic feet)</u>				
First	500 cubic feet	\$ 2.878	\$ 3.488	\$ 4.226
Next	4,000 cubic feet	1.632	1.978	2.396
Next	25,500 cubic feet	1.412	1.711	2.073
Next	70,000 cubic feet	1.221	1.480	1.793
Over	100,000 cubic feet	1.063	1.288	1.561
<u>Minimum Monthly Charges</u>				
5/8	Inch Meter	\$ 11.51	\$ 13.95	\$ 16.90
3/4	Inch Meter	22.23	26.94	32.64
1	Inch Meter	41.88	50.75	61.49
1 1/2	Inch Meter	82.34	99.78	120.90
2	Inch Meter	100.19	121.41	147.11
3	Inch Meter	158.29	191.82	232.42
4	Inch Meter	199.20	241.39	292.49
6	Inch Meter	412.12	499.41	605.12
8	Inch Meter	619.75	751.01	909.98
10	Inch Meter	840.59	1,018.63	1,234.24
<u>Private Fire Protection Charges</u>				
<u>Per Month Per Connection</u>				
2	Inch Line	\$ 1.84	\$ 2.23	\$ 2.70
2 1/2	Inch Line	3.31	4.01	4.86
3	Inch Line	5.35	6.48	7.86
4	Inch Line	11.41	13.83	16.75
6	Inch Line	33.13	40.15	48.64
8	Inch Line	70.60	85.55	103.66
10	Inch Line	126.96	153.85	186.42
12	Inch Line	205.08	248.52	301.12
<u>Private Fire Hydrant</u>				
<u>Per Month</u>				
		\$ 33.13	\$ 40.15	\$ 48.64

(1) Present Rates and Charges were approved by the Indiana Utility Regulatory Commission in Cause No. 42914 Order dated December 20, 2006.

(2) Effective upon approval of Indiana Utility Regulatory Commission.

(3) Effective January 1, 2016.

EXHIBIT I  
(Continued)**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

## Schedule of Present and Proposed Rates and Charges

	Present	Phase I	Phase II
Public Fire Protection Charges	<u>Rates (1)</u>	<u>Proposed</u>	<u>Proposed</u>
<u>Per Month Per Connection</u>		<u>Rates (2)</u>	<u>Rates (3)</u>
5/8 Inch Connection	\$ 1.85	\$ 2.24	\$ 2.72
3/4 Inch Connection	2.67	3.24	3.92
1 Inch Connection	4.74	5.74	6.96
1 1/2 Inch Connection	10.68	12.94	15.68
2 Inch Connection	18.97	22.99	27.85
3 Inch Connection	42.69	51.73	62.68
4 Inch Connection	75.89	91.96	111.43
6 Inch Connection	170.75	206.91	250.71
8 Inch Connection	303.57	367.87	445.73
10 Inch Connection	474.32	574.78	696.44
12 Inch Connection	683.03	827.70	1,002.89

(1) Present Rates and Charges were approved by the Indiana Utility Regulatory Commission in Cause No. 42914 Order dated December 20, 2006.

(2) Effective upon approval of Indiana Utility Regulatory Commission.

(3) Effective January 1, 2016.